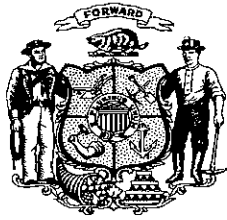


STATE OF WISCONSIN

SENATE CHAIR
MARK MILLER

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-9170



ASSEMBLY CHAIR
MARK POCAN

309 East, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-8570

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Mark Miller
Representative Mark Pocan

Date: June 17, 2010

Re: SWIB Report on Operating Expenditures

Attached is a report on operating expenditures from the State of Wisconsin Investment Board, pursuant to s. 25.187 (2) (c) 3.b. and c., Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

MM:MP:jm



RECEIVED
JUN 17 2010
BY: *St. Finance*

June 14, 2010

Senator Mark Miller, Co-Chair
Joint Committee on Finance
P.O. Box 7882
Madison, WI 53707-7882

Representative Mark Pocan, Co-Chair
Joint Committee on Finance
P.O. Box 8952
Madison, WI 53708-8952

Mr. Michael Morgan, Secretary
Department of Administration
101 East Wilson Street
Madison, WI 53707-7864

Dear Senator Miller, Representative Pocan and Secretary Morgan:

Section 25.187 (2) (c) 3.b. and c., Stats., requires that I certify the average market value of all assets under management by SWIB at the end of each month between November 2009 and April 2010 and the maximum amount SWIB may assess funds under management for operating expenses in FY 2011. Section 25.17(14), Stats., prescribes how the assets are valued.

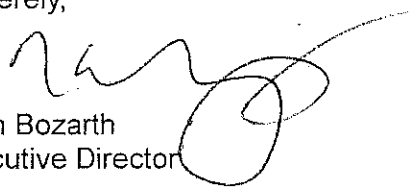
For the coming fiscal year, s. 25.187 (2) (c) 1. Stats., states that SWIB may assess the funds the greater of: (a) the maximum amount the Board could have assessed in the last year of the prior fiscal biennium, or (b) 0.0325% of the average market value of assets at the end of each month between April and November of the preceding fiscal year. In accordance with these statutory requirements, I certify that the six month average market value of all assets under management at the end of the six months from November 2009 through April 2010 was \$78.835 billion. I further certify that SWIB may assess the funds up to \$30.0 million for FY 2011.

The domestic and international financial markets improved significantly in 2009. As a result, the value of average assets managed at the end of each month between November 2009 and April 2010 increased \$13.8 billion from the same time period during the prior fiscal year. However, the value of the assets has not recovered to the average \$92.4 billion between November 2007 and April 2008. As a result, the maximum budget authority of \$30.0 million, which SWIB could have assessed the funds during FY 2009 and FY 2010, will continue for FY 2011.

Under s, 25.187 (2) (c) 1, the \$30.0 million budget floor for FY 2011 will continue to be the budget floor in subsequent years unless assets have increased to more than \$92.4 billion when the FY 2012 budget is determined (the second year of the next biennium).

If you have questions, please contact me.

Sincerely,



Keith Bozarth
Executive Director

cc: Members, Joint Committee on Finance
Robert Lang, Director, Legislative Fiscal Bureau